



FACT SHEET
RECORD KEEPING FOR THE FAMILY FARM

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WHY KEEP RECORDS?

- ④ To maintain control of farm business
- ④ To satisfy legal and institutional requirements
- ④ To analyze the farm business
- ④ To serve as a basis for future planning and budgeting

1 RECORDS CAN AID IN CONTROL OF FARM BUSINESS

- ④ A record of bills paid and income received
- ④ A record of accounts to be paid by the farmer (accounts payable)
- ④ A record of accounts owed to the farmer (accounts receivable)
- ④ A record of loan transactions
- ④ A record of inventories

2 KEEP RECORDS FOR LEGAL AND INSTITUTIONAL REQUIREMENTS

- ④ Accurate records are necessary for income tax reporting, and aid in minimizing the amount of taxes paid
- ④ Records are important for determining the correct amount of taxes for both the farmer and hired labor
- ④ In the case of death of the farmer, records can be used to prove payments, past practices, etc. to aid in settling the estate
- ④ Records can also help determine appropriate insurance coverage, damage claims, and provide evidence of loss

3 FARM RECORDS ARE ESSENTIAL FOR ANALYZING THE BUSINESS PERFORMANCE

- Discover business trends
- Comparing other similar farm businesses
- Identify strong and weak areas of the business
- Changes in the business can be planned and carried out with greater confidence based on past performance

4 RECORDS ARE VALUABLE FOR FUTURE PLANNING AND BUDGETING

- A past history of average yields and costs for the business
- Allow future credit needs and repayment to be projected with greater confidence

**Source: Record Keeping on the Farm, Vocational Agriculture Service, University of Illinois*

Revised 11/03 (10/01, 9/97)

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